

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2073-02  
Bill No.: HB 970  
Subject: Employees - Employers; Employment Security; Labor and Industrial Relations  
Dept.; Drugs and Controlled Substances; Workers' Compensation  
Type: Original  
Date: May 18, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Departments of Conservation, Economic Development - Division of Workforce Development, and Labor and Industrial Relations** assume that the proposed legislation would have no fiscal impact on their agencies.

In response to a similar proposal from this session (HB 840), officials from the **Department of Transportation** and the **Office of Administration - Division of Personnel** assume that the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Office of Administration - Division of General Services, Risk Management**, state that the proposed changes in the proposal would allow for forfeiture of workers' compensation benefits if, through positive drug testing, the proximate cause of the injury results from drug use. COA assumes that the proposal would have potential cost savings for those injuries resulting from drug use that cannot be quantified at this time.

In further conversation with **Office of Administration - Division of General Services, Risk Management (COA)** officials, **Oversight** learned that, based on the Department of Transportation's (DHT) history with regard to drug testing, approximately six percent of workers' compensation claims involve a drug test and less than one percent test positive. COA applied DHT's figures to claims paid out of the Central Accident Reporting (CARO) program for FY 2000. In FY 2000, there were 5,052 reported injuries with associated costs of approximately \$15.8 million, with an average cost per claim of \$3,125. Assuming six percent of claimants (316) were drug tested and one percent tested positive, the savings to the state, as a result of not paying benefits, would be \$9,374. The cost of the drug test must also be considered. COA contracts out drug testing at a rate of \$49 per test. In the above example, if 316 claimants were drug tested, the cost would be \$15,484, which exceeds the savings associated with unpaid benefits.

**Oversight** further inquired of **Conservation** and the **Highway Patrol** and found that neither agency had a report of a positive drug test in the last fiscal year. The average workers' compensation claim for the Highway Patrol and Conservation was \$3,948 and \$2,500 - \$6,000, respectively.

**Oversight** assumes that the potential for cost savings and cost increases, as a result of passage of the proposal, would depend on the degree to which drug testing would be mandated by state agencies, local governments, and small businesses along with the number of positive drug tests, and therefore, anticipates the fiscal impact to be unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**VARIOUS STATE FUNDS**

<u>Costs</u> - Drug Testing	(Unknown)	(Unknown)	(Unknown)
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<u>Savings</u> - Benefits Not Paid as a Result of a Positive Drug Test	Unknown	Unknown	Unknown
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<b>ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS</b>	<b><u>(Unknown)</u> <u>to Unknown</u></b>	<b><u>(Unknown)</u> <u>to Unknown</u></b>	<b><u>(Unknown)</u> <u>to Unknown</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**LOCAL GOVERNMENT**

<u>Costs</u> - Drug Testing	(Unknown)	(Unknown)	(Unknown)
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<u>Savings</u> - Benefits Not Paid as a Result of a Positive Drug Test	Unknown	Unknown	Unknown
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<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b><u>(Unknown)</u> <u>to Unknown</u></b>	<b><u>(Unknown)</u> <u>to Unknown</u></b>	<b><u>(Unknown)</u> <u>to Unknown</u></b>
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FISCAL IMPACT - Small Business

Small businesses would be impacted by this proposal to the degree they mandate drug testing upon incidents of injuries, along with the number of positive drug tests.

DESCRIPTION

This proposal deems drug use the proximate cause of any injury to an employee who, at the time of the injury, tests positive for any controlled substance, resulting in a forfeiture of all workers' compensation benefits.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration  
General Services, Risk Management  
Personnel  
Department of Conservation  
Department of Economic Development - Division of Workforce Development  
Department of Labor and Industrial Relations  
Department of Transportation

NOT RESPONDING

Office of the Attorney General

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA  
Director

May 18, 2001